**Name:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **Date:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Directions: *Answer each question thoroughly as you read Chapter 14 pp. 441-450. Answers should be completed using your own words and using complete sentences.*

1. What two questions does the text identify as central to policymaking and government spending?
2. In what ways can democracy pose a threat to budgeting?
3. What does the phrase “budgetary squeeze” refer to?
4. According to Figure 14.1 on p. 443, what are the four categories of federal revenues?
5. What is the ratio of revenue yielded by personal income taxes compared to corporate income taxes?
6. Who does the national government borrow from when it needs money? What concerns do economists and policymakers express about the national debt’s affect on available investment capital?
7. Why do Republicans favor cutting taxes? Why do critics object to this plan?
8. Identify some of the groups who benefit from tax expenditures. Using table 14.1, what are the 5 costliest categories of tax expenditures? Who benefits the most from these expenditures?
9. Imagine that you are a taxpayer 10 years from now. What categories of tax exclusions do you envision applying to you?
10. Summarize the tax raises or reductions instituted by Presidents Reagan, H.W. Bush, Clinton, and W. Bush.